

Office of the Chief Financial Officer

Description	FY 2002 Approved	FY 2003 Proposed	% Change
Operating Budget	\$84,126,931	\$98,626,127	17.2

The mission of the Office of the Chief Financial Officer (OCFO) is to provide financial management services to the District of Columbia, its people and its government, so it can sustain long-term fiscal and economic viability.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Maintain a 14-day average turnaround time for individual income tax refunds by the end of FY 2003.
- Finalize system requirements, select vendor, and begin implementation in FY 2003 for the new payroll system to support Performance Based Budgeting (PBB), provide enhanced reporting capability and address human resource requirements.
- Maintain adequate cash balances for the District so that all payroll, vendor payments and other legal requirements are met by the

end of FY 2003.

- Ensure that District spending remains within approved budgets and/or available revenues for the fiscal year so that no spending deficits result.
- Present the District's budget and financial plan entirely in PBB terms.
- Provide an original binding revenue estimate that is within five percent of the variance between the Congressional Budget Office estimate of Federal revenue and actual Federal revenue, and provide a Local source expenditure estimate that is within two percent of the actual expenditures for the following fiscal year for FY 2003.
- Improve aspects of financial management that impact the bond rating in order to lower the cost of borrowing for the District, including the following: maintain legally required cash reserves, limit new debt to 15 percent of total outstanding debt, and remain within maximum debt service ratio of 12 percent of local revenues.
- Improve tax compliance by increasing dollars collected from the accounts receivable bal-

Did you know...

WWW address for electronic tax filing	www.taxpayerservicecenter.com
Telephone number for taxpayer assistance	(202) 727-4TAX
Number of individual income tax returns processed in 2001	291,594
Number of parcels assessed	126,530

ance by seven percent in FY 2003 and increase the total number of tax returns filed from the non-filer population, as measured by collections from research referrals (FY 2003 target: \$8 million).

- Improve customer service by:
 - Expanding options for accessing information, products and services (as measured by increasing the number of taxpayers utilizing electronic and internet filing by 25 percent in FY 2003).
 - Delivering quality and timely products and services (as measured by a customer satisfaction rating of 85 percent in FY 2003).
 - Maintaining accurate account information.
 - Expanding taxpayer education by providing a variety of outreach approaches.
 - Establishing a customer satisfaction baseline evaluation tool and monitoring improvements.
- Mitigate the District's structural fiscal imbalance over a four-year period.
- Assure that the District's accounting, budget, payroll, and tax systems provide timely, accurate and reliable information, as measured by:
 - 90 percent system availability for users during regular business hours.
 - Establish a monthly reporting close 10 business days after month end.
 - Establish a baseline for customer satisfaction with systems.

- Produce the District's CAFR* for FY 2002 on time with an unqualified "clean" opinion, which includes the new reporting structure required by GASB** statement #34.

*Comprehensive Annual Financial Report (The CAFR is an annual financial report issued by State and Local governments)

**Government Accounting Standards Board (The mission of the Governmental Accounting Standards Board is to establish and improve standards of state and local governmental accounting and financial reporting that will result in useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports).

- Provide continuing professional development for each employee as measured by 75 percent of employees who have an Individual Development Plan that addresses the needs of the OCFO and the employee by FY 2003.
- Maintain an adequate vendor base by paying 100 percent of valid vendor invoices within 30 days of receipt.
- Enhance and modify the financial Executive Information System (EIS) to provide real-time budget management reports and on-line inquiries that track actual spending against agency spending plans in FY 2003.

Where the Money Comes From

Table AT0-1 shows the source(s) of funding for the Office of the Chief Financial Officer.

Table AT0-1

FY 2003 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change From FY 2002
Local	69,179	76,205	68,223	82,723	14,499
Federal	974	567	932	932	0
Other	8,181	8,260	9,893	9,893	0
Intra-District	9,017	6,602	5,078	5,078	0
Gross Funds	87,350	91,634	84,127	98,626	14,499

How the Money is Allocated

Tables AT0-2 and AT0-3 show the FY 2003 proposed budget and FTEs for the agency at the Comptroller Source Group level (Object Class level).

Table AT0-2

FY 2003 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Regular Pay - Cont Full Time	43,468	44,917	46,372	48,286	1,914
Regular Pay - Other	2,063	1,865	1,662	1,991	329
Additional Gross Pay	3,302	2,033	1,242	1,242	0
Fringe Benefits - Curr Personnel	7,434	8,005	7,351	8,756	1,405
<i>Personal Services</i>	<i>56,266</i>	<i>56,820</i>	<i>56,627</i>	<i>60,275</i>	<i>3,648</i>
Supplies And Materials	1,099	663	713	957	244
Energy, Comm. And Bldg Rentals	494	342	286	361	75
Telephone, Telegraph, Telegram, Etc	1,894	973	1,253	1,176	-76
Rentals - Land And Structures	6,375	6,857	7,122	11,505	4,383
Janitorial Services	0	195	220	177	-42
Security Services	0	775	843	845	2
Other Services And Charges	8,408	4,992	4,185	6,341	2,156
Contractual Services - Other	11,463	16,373	11,749	15,409	3,660
Subsidies And Transfers	531	2,355	195	145	-50
Equipment & Equipment Rental	819	1,288	935	1,435	500
Debt Service	0	0	0	0	0
<i>Non-personal Services</i>	<i>31,084</i>	<i>34,814</i>	<i>27,500</i>	<i>38,351</i>	<i>10,851</i>
Total Proposed Operating Budget	87,350	91,634	84,127	98,626	14,499

Table AT0-3

FY 2003 Full-Time Equivalent Employment Levels

	Actual FY 2000	Actual FY 2001	Approved FY 2002	Proposed FY 2003	Change from FY 2002
Continuing full time	927.25	882.25	1,034	1,041	7
Term full time	101.5	93.5	2	0	-2
Total FTEs	1028.75	975.75	1,036	1,041	5

Local Funds

The proposed Local budget is \$82,722,675, an increase of \$14,499,196, or 21.3 percent, over the FY 2002 approved budget of \$68,223,479. Of this increase, \$3,648,092 is for personal services and \$10,851,104 is for nonpersonal services. There are 919 FTEs funded by local sources, a net increase of nine FTEs over FY 2002. This increase is associated with four additional Financial and Technical Services Division (FTSD) FTEs to support the cash reconciliation unit, nine additional FTEs support the Integrated Tax Systems (ITS) project, two FTEs associated with estate tax administration for a mayoral enhancement, a reclassification of four positions to Local, and a reduction of ten FTEs associated with cost-savings initiatives.

The Office of the Chief Financial Officer and its cluster agencies contributed \$2,560,000 towards cost-savings initiatives in FY 2003. Within the immediate Office of the Chief Financial Officer, \$560,000 will be reduced from the Local funds budget as outlined below. The remaining \$2,000,000 has been allocated among various agency CFO budgets as part of the strategy to consolidate CFO functions within the District government. The specific cost-savings reductions for the OCFO consolidation is further identified within those agency budget narratives.

Significant changes are:

- A net increase of \$3,319,109 in regular pay and fringe benefits associated with pay increases approved in FY 2002, the addition of four FTEs for FTSD, two FTEs for estate tax administration, eight FTEs for the ITS project. This includes a reduction of \$521,426 and ten FTEs analogous to cost-savings initiatives.
- An increase of \$328,983 in additional gross pay to support the realignment of responsibilities associated with the shift to performance based budgeting.
- An increase in \$243,796 in supplies to support the ITS project.
- A net increase of \$4,341,003 in fixed costs. The additional funding in fixed costs will be used to support increases in energy, security costs, and \$1,483,240 to support an auto-

mated annual increase associated with building leases. Of this change, \$2,900,000 is for a Mayoral enhancement associated with the consolidation of OCFO office space to a central location and a reduction of \$42,237 is associated with decreases in telecommunications, security, energy, and janitorial services.

- A net increase of \$2,156,305 in other services and charges, which reflects an increase of \$200,000 for postage costs, \$500,000 for SOAR maintenance, \$80,000 for the OCFO's web site maintenance costs, and \$2,335,000 associated with the Integrated Tax Systems Project. The increase also reflects a decrease of \$420,121 to reflect FY 2001 actual spending, and a reduction of \$538,574 associated with cost-savings initiatives.
- A net increase of \$3,660,000 in contractual services due to an increase of \$4,160,000 for the anticipated completion of additional modules and interfaces to support the payroll component of the District's System of Accounting and Reporting (SOAR), which is partially offset by a reduction of \$500,000 due to cost-savings initiatives.
- A decrease of \$50,000 in subsidies and transfers. The OCFO has traditionally acted in the capacity of a passthrough agency. In this situation, the agency receives and distributes monies that have been awarded to other District agencies. Therefore, the agency does not have the authority to delegate changes in their subsidies and transfers budget.
- An increase of \$500,000 in equipment to support the Integrated Tax Systems project, System of Accounting and Reporting (SOAR) enhancements, and payroll conversion project.

Federal Funds

The proposed Federal budget is \$932,000, which represents no change from the FY 2002 approved budget. The primary source of Federal funding for FY 2003 is the Electronic Benefits Transfer Grant, which supports the Electronic Benefits Transfer program. There are three FTEs funded by Federal sources, which represents no change over the FY 2002 approved budget.

Other Funds

The proposed Other budget is \$9,893,099, which represents no change from the FY 2002 approved budget. This fund consists of revenues collected through bank fees, tax collection fees, unclaimed property audit fees, and payroll service fees. There are 46 FTEs funded by other sources, which represents a decrease of two FTEs from FY 2002 due to a reclassification of positions.

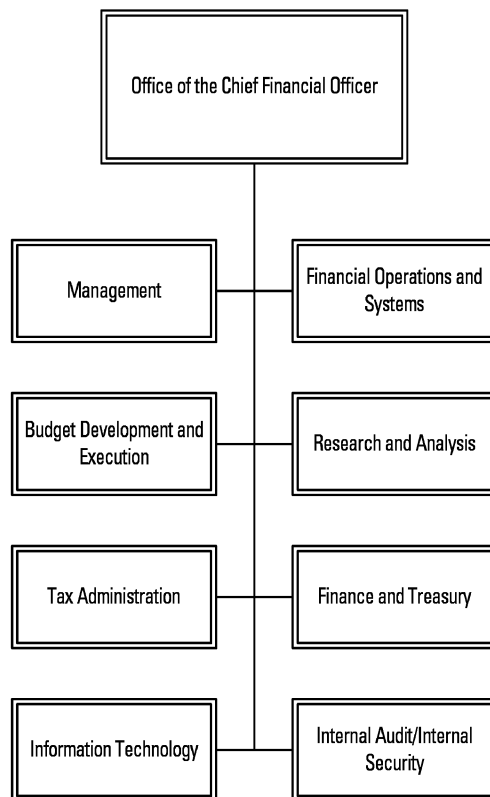
Intra-District Funds

The proposed Intra-District budget is \$5,078,353, which represents no change from the FY 2002 approved budget. There are 73 FTEs funded by Intra-District sources, a decrease of three FTEs from the FY 2002 approved FTE level. The reduction of two FTEs is associated with a reclassification of Indirect Cost Recovery (IDCR) positions.

The Office of the Chief Financial Officer uses its funding to hire staff and purchase equipment to fulfill its mission.

Figure AT0-1

Office of the Chief Financial Officer



Programs

The Office of the Chief Financial Officer is committed to the following programs:

Management

This program includes the immediate office of the Chief Financial Officer and offices providing communications, legal, government and human

capital, and financial management support for the District government's core financial operation and to the financial operations of the District's program agencies. The purpose of the Administrative Services program is to provide the operational support to the agency to ensure that necessary tools to achieve operational and programmatic results are available.

Key initiatives associated with the Management program are:

- Implement the District's Performance Management program throughout the OCFO.
- Implement Performance Based Budgeting (PBB) within the OCFO, including the development and monitoring of agency performance measures.

For FY 2003, the proposed funding for Management totals \$9,984,629, or 10.1 percent of the FY 2003 proposed budget and 74 FTEs.

	FY 2002	FY 2003
Budget	\$6,346,352	\$9,984,629
FTEs	64	74

Key Result Measures

This program primarily supports the Citywide Strategic Priority Area of: Making Government Work

Program Manager: Ted Carter, Senior Advisor

Program Manager Supervisor: Dr. Natwar M. Gandhi, Chief Financial Officer

Percent of under \$25,000 purchase requisitions that result in purchase orders within 14 days

	FY 2003	FY 2004
Target	99	99

Percent of employees have an Individual Development Plan that addresses the needs of the OCFO and employee

	FY 2003	FY 2004
Target	75	75

Percent of citizens are satisfied with the availability of information concerning the District government

	FY 2003	FY 2004
Target	85	85

Financial Operations and Systems

This program (OFOS) is responsible for the District's accounting operations, including critical functions such as District-wide general ledger accounting, financial reporting, and pay/retirement services. The program is responsible for producing the Comprehensive Annual Financial Report, which presents the District's financial position at the end of each fiscal year. The program is also responsible for developing account-

ing policies and procedures which support the automated System of Accounting and Reporting, the District's formal "books of record" as well as policies and procedures for multiple payroll systems. The Financial Operations and Systems Program conducts its daily operations through seven activities: 1) operations and administration support activity, 2) accounting operations activity, 3) financial policy and procedures activity, 4) functional accounting systems management activity, 5) financial reporting activity, 6) benefits administration activity, and 7) payroll distribution and wage reporting activity.

Specifically, throughout the myriad functions of the program and its activities, the current financial position of the District can be ascertained by local District elected and appointed leaders, as well as at District agencies, so all can make decisions which are influenced by the District's financial position. Recorded references are provided for standard government accounting practices. Related training, expertise and assistance on SOAR is available, for the central OCFO cluster employees and agency financial staff. For former and retired District employees, annuity payments and related benefits are provided so that they receive accurate and timely annuity checks and retirement statements. Finally, a record of compensation and related payments for current District employees are provided so that each employee receives an accurate and timely paycheck.

Key initiatives associated with the Financial Operations and Systems program are:

- Continue to strengthen the Accounting Systems Managers (ASM) team to support District agencies in accounting and systems work.
- Implement the GASB 34 accounting requirements.
- Implement the fixed asset module in the District's accounting system.

For FY 2003, the proposed funding for Financial Operations Systems totals \$11,968,977, or 12.1 percent of the FY 2003 proposed budget and 150 FTEs.

	FY 2002	FY 2003
Budget	\$12,069,397	\$11,968,977
FTEs	175	150

Key Result Measures

This program primarily supports the Citywide Strategic Priority Area of: Making Government Work

Program Manager: Anthony F. Pompa, Deputy Chief Financial Officer, Financial Operations and Systems

Program Manager Supervisor: Dr. Natwar M. Gandhi, Chief Financial Officer

Percent of requested actions completed within five business days

	FY 2003	FY 2004
Target	95	95

Percent of completed information requests that meet a 48 hour deadline

	FY 2003	FY 2004
Target	90	90

Budget Development and Execution

This program prepares, monitors, analyzes and executes the District government's budget, including operating, capital and enterprise funds, in a manner that facilitates fiscal integrity and maximizes services to taxpayers. OBP also provides advice to policy makers on the District government's budget and has primary responsibility for expenditure forecasts. The program has responsibility for providing leadership and facilitating the development of such innovative budgeting practices as Performance Based Budgeting to improve the quality of the District government's budgeting processes, activities, and documents. Lastly, OBP contributes to District-wide management reform efforts, including the Administrative Services Modernization Project, the pay-scale consolidation activities, and performance management.

Key initiatives associated with the Budget Development and Execution program are:

- Implement Performance Based Budgeting. PBB will enable District agencies develop their budgets around programs and results. In conjunction with the Office of the City

Administrator, OBP facilitates agency business planning, resulting in identified programs and activities aligned with the citywide strategic plan. Agency budgets, in turn, are reformulated around a program structure so that the relationship between programs, funding, and results is more readily apparent.

- Execute model-based budget. OBP plans to use data models to increase the accuracy of its expenditure forecasting. The goal of this initiative is to provide more timely and accurate expenditure reporting so that District managers are able to make more informed management decisions about program costs.

For FY 2003, the proposed funding for Budget Development and Execution totals \$4,461,919, or 4.5 percent of the FY 2003 proposed budget and 56 FTEs.

	FY 2002	FY 2003
Budget	\$4,455,586	\$4,461,919
FTEs	56	56

Key Result Measures

This program primarily supports the Citywide Strategic Priority Area of: Making Government Work

Program Manager: Bert Molina, Deputy Chief Financial Officer, Budget Development and Execution

Program Manager Supervisor: Dr. Natwar M. Gandhi, Chief Financial Officer

Percent of agencies with whom OBP is actively working to resolve gap closing measures related to spending pressures over five percent of their budget

	FY 2003	FY 2004
Target	100	100

Number of agencies preparing performance-based budgets for the following fiscal year (cumulative total)

	FY 2003	FY 2004
Target	27	N/A

Note: During FY 2002, seven agencies prepared a PBB budget for FY 2003. For FY 2004, the number of agencies that will prepare a PBB budget for FY 2005 is TBD.

Percent of completed information requests that meet a 48 hour deadline

	FY 2003	FY 2004
Target	90	90

Percent of agency budgets aligned with Mayor's Strategic Plan

	FY 2003	FY 2004
Target	95	95

Research and Analysis

This program is responsible for four major areas of support to the OCFO, namely: (1) revenue estimation and policy analysis; (2) quality assurance for financial data; (3) analysis supporting economic development; and (4) financial management activities for federal, private, and other grants. Services included within this program area are: analysis of all revenue sources and development of revenue projections; development of the Financial Plan; development of fiscal impact statements for legislation; economic analysis and research in support of economic development; implementation of grant budget authority for grants, and tracking of expenses relative to grant awards; and delivery of competitively-based subgranting services for agencies. ORA is responsible for the revenue estimation and certification component of the budget, including revenue from taxes, grants, and other sources. The program provides research and special studies on the tax code and tax compliance, and also provides other special studies either mandated or requested.

Key initiatives associated with the Research and Analysis program are:

- Timely delivery of revenue estimates from tax and non-tax sources, and timely preparation of the revenue chapter of the annual budget.
- Timely delivery of the long-range financial plan for the District, fiscal impacts of proposed legislation, and of fiscal analysis supporting potential policy initiatives.
- Quality assurance for specific financial reports to be released by the Office of the Chief Financial Officer.
- Timely delivery of analysis supporting economic development projects, particularly projects that include tax increment financing.
- Timely analysis of grant funds subject to

deobligation resulting from lapse, and implementation of initiatives to minimize the amount of deobligated grant funds.

- Timely delivery of competitive services for agency subgranting of grant-funded programs.

For FY 2003 the proposed funding for Research and Analysis totals \$3,475,525, or 3.5 percent of the FY 2003 proposed budget 42 FTEs.

	FY 2002	FY 2003
Budget	\$3,386,191	\$3,475,525
FTEs	42	42

Key Result Measures

This program primarily supports the Citywide Strategic Priority Area of: Making Government Work

Program Manager: Julia Friedman, Deputy Chief Financial Officer, Research and Analysis

Program Manager Supervisor: Dr. Natwar M. Gandhi, Chief Financial Officer

Percent variation between the original binding revenue estimate as compared to actual revenue and the Congressional Budget Office (CBO) estimate of Federal revenue and actual Federal revenue

	FY 2003	FY 2004
Target	5	5

Percent of ad hoc documents reviewed by ORA contain no factual errors

	FY 2003	FY 2004
Target	90	90

Percent of awarded grant funds lost due to lapse

	FY 2003	FY 2004
Target	1	1

Percent of applications for tax increment financing are reviewed and processed within 120 days of receipt in ORA

	FY 2003	FY 2004
Target	80	80

Tax Administration

This program provides fair, efficient and effective administration of the District's business, income, excise and real property tax laws. The tax admin-

istration program is divided into the following core activities: external customer service, deed recordation, real property tax assessment, receipts and collections, revenue accounting, and tax audits and investigations.

External Customer Service, Information and Education Activity

This activity is comprised by the walk-in and telephone customer service centers, which assist more than 400,000 taxpayers annually, and works to resolve more complex tax cases, including hearing and review of first level tax appeals. This activity also consists of the development and distribution of public tax forms, support of various electronic tax filing and payment options, initiating and responding to mail correspondence with taxpayers, and tax registration and certification.

Recorder of Deeds Activity

This activity supports the transfer and titling of real property in the District of Columbia (approximately 125,000 documents in FY 2000), and responds to requests for title documents from individuals and the real estate/titling industry.

Real Property Tax Administration Activity

This activity consists of the assessment and billing of real property taxes and first level assessment appeals. In FY 2000, the real property tax base of approximately 155,000 parcels had an assessed value of \$74.2 million, an increase of 1.5 percent over FY 1999. Of this amount, \$30.9 million in assessed value was tax exempt. Real property tax collections for FY 2000 were \$592,777, or 96.6 percent of the total tax levy, a 5.6 percent increase in collections over FY 1999.

Receipts and Delinquent Collections Activity

This activity consists of the processing of more than a million tax returns annually, recording and deposit of more than \$865 million in tax payments and collection of delinquent tax payments, which was approximately \$70 million in FY 2001.

Revenue Accounting Activity

This activity ensures the proper accounting and reporting on revenue collections, and supports issuance of nearly 170,000 tax refunds in FY 2001, exceeding \$118 million.

Tax Audits and Investigations Activity

This activity ensures tax compliance by identifying potential non-filers and performing other tax compliance checks to ensure that the District is collecting the correct amount of tax due from all taxpayers. This activity also identifies and investigates cases of tax fraud.

Key initiatives associated with the Tax Administration program are:

- Implement the Integrated Tax System, to include integration of Real Property Assessment and Billing Systems.
- Expand tax filing opportunities including web-based filing.
- Expand taxpayer compliance program, including clean hands enforcement to collect receivables due across District agencies.
- Implement the return to annual assessment process for real property taxes.

For FY 2003, the proposed funding for Tax Administration totals \$44,917,004, or 45.5 percent of the FY 2003 proposed budget and 582 FTEs.

	FY 2002	FY 2003
Budget	\$39,092,652	\$44,917,004
FTEs	586	582

Key Result Measures

This program primarily supports the Citywide

Strategic Priority Area of: Making

Government Work

Program Manager: Herbert J. Huff, Deputy

Chief Financial Officer, Tax Administration

Program Manager Supervisor: Dr. Natwar M.

Gandhi, Chief Financial Officer

Percent of customers satisfied with information provided

	FY 2003	FY 2004
Target	85	85

Percent of recorded documents with complete and accurate information

	FY 2003	FY 2004
Target	85	90

Percent of assessments upheld on appeal

	FY 2003	FY 2004
Target	75	75

Delinquent account collections

	FY 2003	FY 2004
Target	78,000,000	80,000,000

Percent of refunds issued within 14 days

	FY 2003	FY 2004
Target	95	95

Information Technology

This program develops and maintains state-of-the-art financial information systems for the District of Columbia, payroll, pensions, SOAR and EIS.

The principal objectives of the program are to maintain accurate and timely systems, modify systems in response to the changing needs of the District, maintain compliance with federal, state and local regulations, provide the availability and performance needed to support the OCFO and the agency CFOs, track and resolve system problems, comply with standard accounting and audit policies practiced in the District, maintain an IT operation that is in compliance with basic IT policies and practices, maintain technical currency, avoid obsolescence, and promote and encourage the use of these systems as the official system of record.

With the provision of ongoing maintenance and support for Executive Information System (EIS) the Information Technology program facilitates and extends access to the District's financial data, provides tools that enable analysis of the financial status of the agencies and the district in its entirety and supports the use of SOAR. This facilitates high level financial oversight for senior District management and policy makers.

Key initiatives associated with the Information Technology program are:

- Continue enhancement and planning of financial systems including the District's

financial management system (SOAR) and its integration with payroll, cash management and reporting systems.

- Expand availability and utilization of EIS.

For FY 2003, the proposed funding for Information Technology totals \$6,307,023, or 6.4 percent of the FY 2003 proposed budget and 24 FTEs.

	FY 2002	FY 2003
Budget	\$1,041,985	\$6,307,023
FTE	0	24

Key Result Measures

This program primarily supports the Citywide Strategic Priority Area of: Making Government Work

Program Manager: Maynard Gambrell, Chief Information Office

Program Manager Supervisor: Dr. Natwar M. Gandhi, Chief Financial Officer

Finalize system requirements, select vendor, and begin implementation for the new payroll system that will support PBB, provide enhanced reporting capability and address human resource requirements

	FY 2003	FY 2004
Target	N/A	N/A

Percent of system availability for users during regular business hours in order to assure that the District's accounting, budget, payroll, and tax systems provide timely, accurate, and reliable information

	FY 2003	FY 2004
Target	90	90

Finance and Treasury

This program provides asset management services to the District, its agencies and its stakeholders so they can maintain maximum financial flexibility and return on investments.

The program is divided into the following core activities: debt management, cash management and investments, disbursements, cash receipts and accounting and asset management for special programs.

Debt Management

This activity provides for the issuance of bonds, notes and other financing vehicles for the District so that the District can maximize capital project capacity while maintaining future financing flexibility and finance any seasonal cash needs.

Cash Management and Investments

This activity provides for the management of cash resources for the District, so that the District can meet its cash obligations and maximize interest income from cash resources.

Disbursements

This activity provides check writing and dissemination services for District agencies, so that they can fulfill their financial obligations to their stakeholders.

Cash Receipts and Accounting

This activity provides revenue collection, auditing, recordation services for District agencies so that they can have accurate and timely revenue information.

Asset Management

This activity provides custodial services to District residents, so that they can ensure maximum benefits in these programs.

Key initiatives associated with the Finance and Treasury program are:

- Continue to manage the District government's credit worthiness including debt management and the refinancing of debt whenever advantageous.
- Continue to improve cash management procedures and policies.
- Continue marketing the District's College Savings Plan.

For FY 2003, the proposed funding for Finance and Treasury totals \$15,636,978, or 15.9 percent of the FY 2003 proposed budget and 90 FTEs.

	FY 2002	FY 2003
Budget	\$15,836,419	\$15,636,978
FTEs	90	90

Key Result Measures

This program primarily supports the Citywide

Strategic Area of: Making Government Work

Program Manager: N. Anthony Calhoun,

Deputy Chief Financial Officer, Finance and Treasury

Program Manager Supervisor: Dr. Natwar M.

Gandhi, Chief Financial Officer

Percent of maximum debt service per local revenues

	FY 2003	FY 2004
Target	100	100

Percent of banking service contracts whose costs are lower than the Phoenix Hecht index

	FY 2003	FY 2004
Target	100	100

Note: The Phoenix Hecht Index is a private organization that measures fees for services provided by banks both at a regional and national level.

Percent of checks and earning statements that meet payment schedule

	FY 2003	FY 2004
Target	100	100

Percent of unclaimed property returned to owners

	FY 2003	FY 2004
Target	85	85

Internal Audit/Internal Security

This program (IAIS) ensures that accountability, integrity and efficiency are maintained in the District of Columbia's financial management and tax administration systems. Through its audit and investigative activities, IAIS provides the Chief Financial Officer with an independent review and appraisal of OCFO operations and assures the maintenance of the highest standards of integrity and security of OCFO employees.

Key initiatives associated with the Internal Audit/Internal Security program are:

- Expand the audits of financial systems to assure data security and integrity.
- Strengthen the background check program and integrity training for OCFO employees.

For FY 2003, the proposed funding for Internal Audit/Internal Security totals \$1,874,072, or 1.9 percent of the FY 2003 proposed budget and 23 FTEs.

	FY 2002	FY 2003
Budget	\$1,848,349	\$1,874,072
FTEs	23	23

Key Result Measures

This program primarily supports the Citywide Strategic Priority Area of: Making Government Work

Program Manager: Sebastian Lorigo, Director Internal Audit and Internal Security

Program Manager Supervisor: Dr. Natwar M. Gandhi, Chief Financial Officer

Percent of audit recommendations that are fully or partially implemented or resolved

	FY 2003	FY 2004
Target	90	90

Percent of approved security needs implemented

	FY 2003	FY 2004
Target	100	100

Percent of reports of investigations issued are returned for additional information or investigation due to deficiencies in the investigation

	FY 2003	FY 2004
Target	4	4

Capital Improvements Program

As part of the District-wide cost-savings initiative for FY 2002, the Office of the Chief Financial Officer's total budget authority was reduced by \$7,408,000 from \$237,552,700 to \$230,144,700 (Refer to Capital Improvement

Plans, Appendix E). The FY 2003 proposed capital budget for the Office of the Chief Financial Officer is \$38,526,000.

The Capital Budget Supports funding for four critical projects including:

- Acquisition of a site at a G Street NW location to consolidate CFO personnel. The funding also will cover the costs for infrastructure changes to the existing site.
- An information technology solution for budget formulation based on agency strategic business plans, SOAR system integration and performance management. Funding for this project will address a critical need in formulating both the operating and capital budgets for the District.
- Costs associated with the utilization of a data warehouse to support the comprehensive implementation of the Clean Hands Legislation. This data will allow the CFO to review all debts and obligations owned by an individual or entity to any other District agency. As a result, the District will increase efficiencies in overall collections of tax and other receivables.
- A capital contingency fund to readily respond to shortfalls in a given mission critical capital project. The OCFO has scaled back the capital program to reduce our current debt ceiling. These funds will be used to target resources where there is a critical need.

Table AT0-3

Capital Improvement Plan, FY 2001-FY 2008

(dollars in thousands)

Cost Elements	Through FY 2001	Budgeted FY 2002	Year 1 Total	FUNDING SCHEDULE						Budget	Total Budget
				Year 2 FY 2003	Year 3 FY 2004	Year 4 FY 2005	Year 5 FY 2006	Year 6 FY 2007	6 Years FY 2008		
a. Long Term Financing:	813	3,350	4,163	837	0	0	0	0	0	837	5,000
b. Local Street Fund:	0	0	0	0	0	0	0	0	0	0	0
c. Grants:	0	0	0	0	0	0	0	0	0	0	0
d. Pay Go:	6,000	0	6,000	0	0	0	0	0	0	0	6,000
e. Hwy Trust Fund:	0	0	0	0	0	0	0	0	0	0	0
f. Equipment Lease	0	0	0	0	0	0	0	0	0	0	0
g. Alternative Financing	114,575	16,216	130,791	37,689	9,015	2,500	0	0	0	49,204	179,995
h. Other:	0	0	0	0	0	0	0	0	0	0	0
Total:	121,387	19,566	140,953	38,526	9,015	2,500	0	0	0	50,041	190,995

Cost Elements	Through FY 2001	Budgeted FY 2002	Year 1 Total	EXPENDITURE SCHEDULE						Budget	Total Budget
				Year 2 FY 2003	Year 3 FY 2004	Year 4 FY 2005	Year 5 FY 2006	Year 6 FY 2007	6 Years FY 2008		
a. Design:	5,806	3,080	8,886	2,100	1,100	0	0	0	0	3,200	12,086
b. Site:	0	0	0	1,000	0	0	0	0	0	1,000	1,000
c. Project Management:	15,413	1,146	16,559	3,000	0	0	0	0	0	3,000	19,559
d. Construction:	29,559	300	29,859	6,075	0	0	0	0	0	6,075	35,934
e. Equipment:	70,609	15,040	85,649	26,351	7,915	2,500	0	0	0	36,766	122,415
Total:	121,387	19,566	140,953	38,526	9,015	2,500	0	0	0	50,041	190,995